

## Messages from External Directors



**I focus on whether MARUI GROUP  
is devoting management resources  
to the risks that should be taken.**

**Etsuko Okajima**

External Director (appointed in June 2014)  
Nominating and Compensation Committee Member

**T**he effectiveness of MARUI GROUP's corporate governance has improved greatly over the four years since I was appointed as an external director. The first step in this improvement was the reduction of internal directors and the increase in external directors, which made these directors a larger part of the Board of Directors. This was followed by improvements in the methods of formulating agendas, which allowed for active discussion on matters of strategic importance. In addition, MARUI GROUP conducts evaluations of the Board. The feedback gathered through surveys in these evaluations is utilized and swift action is taken to make any necessary improvements.

I see my role at MARUI GROUP as being to help cultivate human resources that can create future innovation and develop future managers. This is my area of expertise, and I therefore hope to implement changes to both frameworks and procedures to this end. MARUI GROUP is currently in the process of expanding the scope of its business model integrating stores, credit cards, and the Internet to new fields to contribute to the resolution of social issues while generating profits. In these new fields, the Company will need human resources that are completely different from those that have driven past success. MARUI GROUP has earmarked

¥30.0 billion for growth investments in new businesses under the medium-term management plan. In addition, the Company takes steps to identify younger employees with the potential to drive rapid growth and to second them to partnering start-up companies. These efforts are important for two reasons. The first reason is the ability to gain tools for use in future business scope expansion, as opposed to capital gains from businesses. The second reason is the provision of opportunities for younger employees to gain experience making decisions in different industries. To use an example from soccer, the next FIFA World Cup will be in 2022, with the next after that scheduled for 2026. If you ask someone the type of players that will be needed to win in the 2026 World Cup today, no one will be able to answer for sure. However, that does not change the fact that preparations for 2026 need to start today. Companies are the same. It is crucial to cultivate employees that can respond to future changes and to give them lots of opportunities to make decisions. Such employees may come to create new industries in the future. I like to think of myself as a catalyst at the Company, and I focus on whether MARUI GROUP is devoting management resources to the risks that should be taken at meetings of the Board of Directors.

**T**here are two reasons why I chose to become an external director at MARUI GROUP. The first was that the Company's principle of co-creation with customers resonated with me. The second is that I respected the foresight MARUI GROUP is exercising through new initiatives advanced together with outside partners in the midst of the large social changes spurred by AI and sharing economies. I am currently the president of a transportation company. The transportation industry too is expected to realign its viewpoint to better consider the customer by redefining its objective from "transporting customers' belongings" to "being entrusted with the transportation of customers' assets." I therefore feel that I can help MARUI GROUP from the same perspective that it has adopted. Meanwhile, being from a different industry with a different business model, my perspective still differs a bit from that of the Company, enabling me to make new proposals to management.

A manager must be able to assess social trends, determine the direction for their company, and move

forward on that path. When the managers of MARUI GROUP lose their way, I think that my management experience will make it easier for them to consult with me as I will be able to talk to them from the perspective of a manager.

The gauge I use as an external director is based on whether or not MARUI GROUP's strategies will benefit customers. Of course, forward-looking projects entailing large investment risks will require that the Board of Directors discuss matters such as investment recovery period. However, if such a project will create new value for customers, I will encourage the Company to take this path. In these forward-looking projects, it is possible to look too far ahead of the customer's perspective. Whether for the customer or for the business, it is best to be a half-step ahead of customers. I therefore plan to support MARUI GROUP's efforts to create value that is a half-step ahead of its customers.



**From my perspective as a manager, I plan to support MARUI GROUP's efforts to create value that is a half-step ahead of its customers.**

**Yoshitaka Taguchi**

External Director (appointed in June 2018)  
Nominating and Compensation Committee Member



**MARUI GROUP will need to create forward-looking growth strategies for the tumultuous operating environment.**

**Masahiro Muroi**

External Director (appointed in June 2017)

**O**ver the year since I became an external director at MARUI GROUP, I have dedicated myself to the supervision of the Company's management. I have held meetings with managers, visited numerous stores and data centers, and even participated in the Medium-Term Management Visionary Committee, which sees voluntary participation by employees. I have also had the opportunity to speak directly with overseas institutional investors. These experiences have made me aware of three unique characteristics of MARUI GROUP.

The first is that its management is rooted in ESG, and concepts such as inclusion and sustainability have become entrenched throughout the organization. I have seen frontline employees speaking passionately about store and product development activities involving customers, environmental measures spanning the value chain, and work style reforms. In addition, MARUI GROUP continues to receive awards and certifications for its environment management, healthcare management, and investor relations activities, and the Company has been included in various ESG investment indexes.

The second characteristic is that MARUI GROUP is at the forefront of innovation. At meetings of the Medium-Term Management Visionary Committee, where hundreds of employees gather, information on the potential impacts of e-commerce and sharing economies on the retailing business and the threats to the credit card services business posed by cashless payments is provided together with concrete examples from countries where digitization is in advanced stages. As such, MARUI GROUP employees hold the necessary sense of danger while pursuing innovation in their business and creating new businesses.

The third characteristic of MARUI GROUP is its distinctive use of open innovation. There are companies in fields related to retailing and FinTech that are developing new businesses guided by a keen eye for future consumer needs. MARUI GROUP utilizes its high-quality internal ecosystem to form relations with promising start-up companies to take part in various verification tests through collaboration or investment. I look forward to seeing MARUI GROUP cultivate next-generation sharing and FinTech businesses through these efforts.

The role of an external director is first and foremost to protect management through supervision from an independent standpoint. However, MARUI GROUP's focus on an ESG perspective in its corporate activities means that there is little need for this protection. MARUI GROUP will therefore need to create forward-looking growth strategies for the tumultuous operating environment. I will support these strategies by taking an independent standpoint in discussions.